



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 2, 1997

David Godlewski
Environmental Manager
Cominco American Inc.
15918 East Euclid Avenue
Spokane, Washington 99216-1815

Re: Updated Reclamation Surety Estimate & Transfer Process, Apex Mine, M/053/004,
Washington County, Utah

Dear Mr. Godlewski:

The updated amount of reclamation surety required by the Division for the Apex Mine is \$48,200 in year 2002 dollars. The reclamation estimate supporting this new amount is attached. Please note that the area for the quarry has been reduced from 4.2 acres to 1 acre in this latest estimate. As discussed during our December 10, 1996 meeting, Cominco will need to provide a reclamation contract, a replacement surety, and a transfer form for the Division to officially transfer the Apex Mine plan from Hecla Mining Company to Cominco American, Inc.

To review what we discussed at our meeting, here is a description of the typical permit transfer process: (1) The Division receives all three documents prior to the deadline for Board packages. These documents should be in final form, however, draft unsigned versions are acceptable provided the original documents are available at the Board Hearing. (2) The Division presents the form and amount of replacement surety to the Board of Oil, Gas and Mining for approval. (3) After the surety is approved the Division completes the transfer form to officially transfer the mine permit. Copies of the new signed documents are sent to the operators and the old surety and reclamation contract are released to the former operator.

As we discussed, the next Board Hearing will be January 22, 1997. In order to prepare a Board package for that Hearing we would need the documents by January 3, 1997. In order to present this matter at the February 26, 1997 Board Hearing we would need the documents by February 7, 1997.

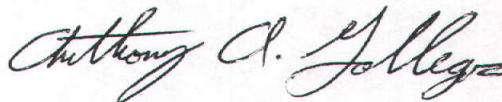
At our meeting we also discussed your proposal to secure several open portals in the area. For information regarding portal closures and possible impacts to bats please contact Mark Mesch, Administrator of the Abandoned Mine Reclamation Program here at the Division. He can

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be reached at the same Division address on the letterhead or by phone at (801) 538-5349. I have mentioned the situation to him and he would be happy to assist you in developing "bat-friendly" portal closures or advise you regarding bat habitation surveys.

Please contact Wayne Hedberg or me if you have any questions regarding this transfer process. Thank you for taking the time to meet with us.

Sincerely,



Anthony A. Gallegos
Senior Reclamation Specialist

jb
Attachment: DOGM surety estimate of 12/24/96
cc: Alan Wilson, Hecla Mining Company w/attachment
Mark Mesch, Administrator AMR
Wayne Hedberg, Permit Supervisor, Minerals (route)
m53-04up.let

RECLAMATION ESTIMATE

Cominco American Incorporated

Apex Mine

M/053/004

last revision 12/24/96
filename m53-04.WB2 page "ESTIMATE"

Washington County

Prepared by Utah State Division of Oil, Gas & Mining

Details of Final Reclamation

-This estimate is a revision of the 9/5/89 DOGM estimate

-All tasks & unit costs from the 9/5/89 DOGM estimate are used & the total escalated

-Quarry disturbance is now <1 acre & is reduced from 4.2 acres in this estimate

-This site was previously operated by Hecla Mining Company with 12.2 acres

-Estimated disturbance= mine 4 acres, quarry 1 acre, other 4 acres

-Estimated total disturbed area for the Apex Mine = 9.00 acres

Activity	Quantity	Units	\$/unit	\$
<u>Mine Site Reclamation (a)</u>				
Break up/bury concrete foundations	2,000	SF	4.00	8,000
Break up/bury concrete retaining walls	80	CY	9.00	720
Remove Trash	4	acre	100	400
Install bulkheads inside adits	1	sum	2,400	2,400
Install cap on Paymaster shaft	1	sum	1,000	1,000
Backfill adits & shaft	1	sum	600	600
Bury rock gabion retaining wall	1	sum	3,000	3,000
Regrade pads to prevent erosion	1	sum	5,000	5,000
Revegetate (b)	4	acre	447	1,788
Mine Subtotal				\$22,908
<u>Quarry Site Reclamation</u>				
Regrade to prevent erosion (c)	1	acre	800	800
Revegetate	1	acre	447	447
Quarry Subtotal				\$1,247
<u>Other Reclamation</u>				
Remove trailers and regrade pad	1	sum	2,000	2,000
Regrade bone yard	0.50	acre	800	400
Rip roads	6,000	LF	0.70	4,200
Revegetate	4	acre	447	1,788
Other Reclamation Subtotal				\$8,388
Combined subtotals				\$32,543
10% Contingency				3,254
Total in 1989-\$				\$35,797

<u>Escalation Calculations</u>		Base Year	1989	0.0177	\$35,797
			1990	0.0077	\$36,073
Escalation factors used for 1989-1995			1991	0.0127	\$36,531
are actual escalation factors			1992	0.0221	\$37,338
			1993	0.0261	\$38,313
			1994	0.0321	\$39,543
			1995	0.0193	\$40,306
Average of previous 3 years = 2.58%			1996	0.0258	\$41,346
Used to Project 5 Yrs			1997	0.0258	\$42,413
Into the Future			1998	0.0258	\$43,507
From the Year 1997			1999	0.0258	\$44,629
			2000	0.0258	\$45,781
			2001	0.0258	\$46,962
			2002	0.0258	\$48,173
Updated Surety Amount Rounded (2002 \$)					\$48,200

** Average cost per acre = \$5,356 (\$/ACRE)

NOTE: Previous Division estimate was \$44,000 (1994 \$)

Notes:

- (a) The buildings are all constructed of prefabricated steel panels. The salvage value will exceed cost of removal. UP&L will remove the powerline when it is no longer needed.
- (b) This figure includes the revegetation of the upper mine waste dump which slopes at the angle of repose
- (c) The quarry will be dug out of a steeply sloping hillside. Final reclamation will consist of slope stabilization and impoundment prevention.